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TAGS: [ECON](#) [PGOV](#) [PREL](#) [BL](#)  
SUBJECT: POTOSI MAYOR: A POTENTIAL CHALLENGER TO EVO?

REF: LA PAZ 02217

Classified By: EcoPol chief Mike Hammer for reasons 1.4 (b) and (d).

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Summary  
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¶1. (C) On September 18, Emboffs visited Potosi Mayor Rene Juaquino who is emerging as a potential (albeit long-shot for now) alternative to President Evo Morales. Juaquino who is Quechua, the largest indigenous group in Bolivia, is considered by most observers a very effective politician and city manager. The mayor discussed a host of issues: the mining sector, the Constituent Assembly, the government's recent attacks on USAID, the state of President Morales' Movement Toward Socialism (MAS) party, his Alianza Social (AS) party's platform, and his negative views on Venezuelan aid. The government appears to be taking Juaquino seriously, at least in its own special way. On September 6, President Morales fingered Juaquino as part of a plot to topple his administration. While the charges appear totally unfounded, if Juaquino were not a serious political threat, Morales would not have brought up the Potosi mayor's name. With a mostly centrist political, economic, and social agenda, Juaquino strikes us as a future leader more in synch with modern political outlook. End Summary

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Defending USAID  
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¶2. (C) The mayor vigorously defended USAID, arguing the central government's recent attacks were meant to distract public opinion from the many problems the country is facing due to President Morales' mismanagement. Juaquino discounted as "completely false" the government's assertion that USAID's democracy programs are part of a conspiracy with the opposition to destabilize the Morales administration. He stated that his municipality had worked with USAID for eight years, and that he had never once heard talk of partisan politics within USAID's programs. Citing numerous USG funded initiatives -- including projects to prevent child mining,

food for the hungry, and health programs -- Juaquino stated he and his constituents have a very positive image of USAID. In fact, he asked if USAID could help him with the renovation of the historical yet dilapidated mayor's office building.

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The State of The MAS  
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13. (C) Juaquino provided a reasoned critique of the ruling MAS party, and identified a number of the party's weaknesses. Juaquino called the MAS a "situational project," implying that it was simply a response to the series of crisis impacting Bolivia at the start of the twenty-first century and not a real political party. He mentioned that many groups have abandoned the MAS, including teachers angry over unfulfilled salary increases, and doctors who have been marginalized by the government's constant focus on Cuban doctors. He mentioned, once again, that cooperative miners, who were once MAS stalwarts, now oppose the government for its bias toward state-paid miners. The mayor also noted the abundance of traditional leftists and the lack of indigenous faces in President Morales' cabinet (with the exception of Foreign Minister David Choquehuanca). He emphasized that indigenous groups, such as CONAMAQ, are frustrated by their lack of representation in the government and are preparing to break with the MAS. Juaquino also mentioned inflation and drugs as other threats to Morales, government.

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Venezuela: Achilles Heal for Morales?  
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14. (C) Mayor Juaquino also spent considerable time explaining that Venezuela is a potential Achilles heel for Morales' government. Juaquino opined that most Bolivians do not care for Venezuela's role in the country, stating that many reject Chavez's "meddling" because it is an affront to Bolivia's sovereignty, while others simply reject it for ideological reasons. The mayor stated very few (perhaps 3 percent of) Bolivians actually applaud the assistance. (Comment: A May 2007 Ipsos Apoyo poll suggests that Juaquino is underestimating the amount of people who support Chavez's role in Bolivia, given that 38 percent called Venezuela the country "most friendly" to Bolivia. End Comment). He continued by stating that political parties who take an anti-Venezuela line (i.e., make Venezuela a campaign issue) will tap into a broad base of support. He stated the anti-Venezuela strategy should focus on: the opaque nature of Venezuela's aid, that Venezuelan assistance will stop if/when Hugo Chavez is no longer president, and Chavez's degrading treatment of Bolivia with an emphasis on how Chavez makes President Morales look like his puppet.

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Juaquino's Party: Alianza Social  
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15. (C) The mayor then spoke about his political party, the Alianza Social (AS). He explained that AS is no longer a local (Potosi) party, and that it enjoys a broad base of support. Juaquino stated that his party was not a populist party (like the MAS), rejects the MAS' "statist" vision and most of the MAS' Constituent Assembly proposals (see paragraphs 8-10). Juaquino explained that he is trying to establish a national campaign, and therefore is traveling around the country to garner support. He mentioned that he and his party have a message that resonates with average Bolivians, citing a recent poll that shows that in Potosi he enjoys 75 percent approval, while President Morales registers only 25 percent. Juaquino understands that he is not ready to challenge Morales today, but wants to build a national following to take him on in the future.

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State of the Mining Industry  
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16. (C) As Potosi (city and department) remains the

epicenter of Bolivia's mining industry, the conversation also touched on the state of mining. Juaquino mentioned that the recent global rise in commodity prices has resulted in an economic boom for Potosi department. The mayor explained that just two years ago, the prefecture budget was no more than USD \$40 million, while today it approaches USD \$1.3 billion. Juaquino projected that Potosi's exports would soon (in the next two years) exceed all other departments. Responding to a question about the central government's proposed mining law -- which would raise taxes significantly and threaten the profitability of U.S. companies (especially Apex Silver) ) Juaquino responded that the government "goes after (all) companies that are profitable." Juaquino mentioned that Coeur D'Alene is likely "safer" because it has an agreement in place with cooperative miners.

¶7. (C) Comment: Juaquino likely called Coeur D'Alene safer in terms of the possibility of the oft rumored government "nationalization" of private mining projects. With cooperative miners on the side of Coeur D'Alene, the government would have a harder time, pushing through a "nationalization" of Coeur D'Alene's San Bartolome project. Coeur D'Alene is also "safer" in terms of proposed tax increases since the government's plan focuses on concentrate, whereas Coeur D'Alene's mine produces metal, reftel. End Comment.

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State of the Constituent Assembly  
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¶8. (C) Mayor Juaquino echoed the thoughts of most observers of the Constituent Assembly that the assembly is in peril. Juaquino explained that the MAS' call for dialogue with the opposition is political theater, and that the MAS has no intentions of participating in real negotiations. The mayor mentioned that the MAS will likely use the failed negotiations as a pretext to approve their version of a new constitution using its simple majority within the Constituent Assembly, without input from the opposition. (Comment: Juaquino failed to explain what would follow this scenario. Many observers state this would be just the first step in the MAS' strategy to impose their new constitution without following the rules governing the Constituent Assembly process. End Comment).

¶9. (C) Juaquino cited indigenous autonomy as the most contentious issue before the Constituent Assembly, explaining that the MAS has purposefully confused "the people" on this issue and has failed to provide any details on how indigenous autonomy would be implemented. The mayor jokingly stated that he, as a member of the nearly two million strong Quechua group, should be in favor of indigenous autonomy, but then raised a number of concerns regarding the MAS proposal. Despite his own humble upbringing in a Quechua community, the mayor seems fundamentally uncomfortable with the divisive nature of President Morales' pro-indigenous rhetoric. To Juaquino, the most important issue is how land would be distributed under the MAS' ill-defined plan. He questioned how the MAS would handle the people who are "left out" of their indigenous autonomy proposal. (Comment: Juaquino did not clarify what he meant by those who are "left out." However, we can infer that he meant European and mestizo urban dwellers, as well as rural peasants (campesinos) who are not members of a particular area's dominant indigenous group. End Comment).

¶10. (C) Mayor Juaquino also mentioned that he personally opposed the MAS' proposal for a unicameral legislature and for the consecutive re-election of presidents. Juaquino argued that small departments like Potosi would be disadvantaged should the MAS succeed in eliminating the Senate which currently affords each department three representatives. Although he has been elected mayor of Potosi five times, the irony of his stance against re-election was not lost on him. He defended his position by explaining, that mayoral terms have changed three times over the past fifteen years, and that he was re-elected under each

new revision. He added that the MAS if it truly represented indigenous culture would respect the indigenous tradition that requires leaders to rotate in and out of positions of power.

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Comment  
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¶11. (C) Rene Juaquino has already participated on a Department-sponsored trip to the United States and has always expressed a desire for close ties with the embassy. He has political credibility for what most observers argue has been his very effective and transparent management of the city of Potosi. The fact that he is Quechua, and speaks Quechua, negates President Morales, natural advantage over other opposition leaders who look more like Spanish conquistadors than Bolivia's largely indigenous and mestizo populace. In fact, Juaquino, unlike Morales, has clear ties to his indigenous roots. He explained to us with great pride that in January 2008 he was going to be officially named "Kuraka" (or leader) of the village he grew up in.

¶12. (C) National voter preference polls conducted in early 2007 still had Juaquino in the single digits (largely because he is a local politician), but there are signs that he is emerging as a national leader. On September 6, President Morales released details of a supposed plot to overthrow his government by Santa Cruz radicals (aka Nacion Camba). While discussing the plot, Morales identified Juaquino as the plotters' choice to be his successor. If the government did not fear Juaquino's emergence, it would have never mentioned him by name. During the September 18 meeting Juaquino explained that he knew nothing of the alleged plot, and argued it was yet another tactic by the government to distract public attention from internal problems. The government may have also been taking a pre-emptive shot to prevent a possible alliance between AS and Santa Cruz business (financial) interests. In this the government may have been on to something; there are rumors that CAINCO (the Santa Cruz Chamber of Industry and Commerce) is planning to back Juaquino and his AS party. With CAINCO and other financing in line, Juaquino could launch himself on to the national scene. The countdown to launch may already be underway, on September 24, Juaquino unveiled the AS' alternative platform for the Constituent Assembly; a platform that contained much of what Juaquino discussed with us on September 18. End Comment.  
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